
HANFORD SITE

WORK FORCE RESTRUCTURING PLAN

ADDENDUM

May 21, 2002

**U.S. Department Of Energy,
Richland Operations Office &
Office Of River Protection
Richland, Washington**

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Hanford Site Workforce Restructuring Plan
U.S. Department of Energy, Richland Operations Office
U.S. Department of Energy, Office of River Protection

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Hanford Site Workforce Restructuring Plan

U.S. Department of Energy, Richland Operations Office

U.S. Department of Energy, Office of River Protection

Synopsis of Changes from 1995 Plan as amended by the 1996 Addendum

The opening paragraph to this addendum states that the Plan applies to all major onsite contractors and their integrated subcontractors.

Part I – Public Involvement

EMPLOYEE AND COMMUNITY NOTIFICATION

The Plan is updated to describe announcement of “Done in a Decade” and “Hanford 2012: Accelerating Cleanup and Shrinking the Site,” which describe workscope projections for RL projects and anticipated changes during the same period in the Office of River Protection (ORP) activities. The expectation for workforce adjustments for skill mix that result in periodic reductions of force for both RL and ORP projects is announced with this statement in this addendum. Publication of this expectation in this addendum serves as employee and public notice of anticipated periodic reductions of force as needed to rebalance the skill mix of the Hanford workforce.

Part II – Background

INTRODUCTION

The Plan is updated to add the Hanford 2012 plan to accelerate cleanup and shrink the site, following the background update of the 1996 addendum regarding the January 10, 1996 restructuring announcement. Project workscope for both RL and ORP projects is described. The need is identified for limited and intermittent reductions of force as a result of completion of projects, or completion of types of work under phases of projects, and resources are shifted to new projects or to the next phases of the projects and skill mix of the workforce needs rebalancing.

Hanford Site Initiatives

Hanford Site headcount by prime contractors on page 9 of the Plan is updated to show the prime contractors and headcount as of March 2002.

OBJECTIVE

The first paragraph of the Objective section in the Plan is replaced and a new sentence is added stating implementation of enhanced benefit programs is contingent on the availability of funds because Section 304 of the Fiscal Year 1998 Energy and Water Appropriations Act specifies costs for enhanced benefits for reductions of force must be funded by specific Congressional appropriation for these programs.

ELIGIBILITY CRITERIA

Eligibility criteria revised by the November 1996 addendum is again revised to delete the date of the general announcement of the 1996 reductions of force from the criteria. The new criterion is the date of the “workforce restructuring notification” (no specific date stated). The number of hours intermittent workers, including construction workers, must have worked is not stated. The number of hours intermittent workers must have worked to be eligible for enhanced separation benefits will be computed based on the number of regular work hours from September 27, 1991, to the date of the public announcement of impending reductions of force at Hanford.

Part III – Options To Minimize Layoffs

WORKFORCE PLANNING

The workforce planning section of the Plan was revised by the 1996 addendum to include a list of the Common Occupational Classification System (COCS) codes. Since the COCS codes may be revised from time to time, the 1996 addendum is revised to state that workforce planning will be conducted in accordance with the COCS codes approved and in use at that the time of the planning.

Part IV – Programs for Separated Workers

MEDICAL BENEFITS

The Medical Benefits section of the Plan is expanded to more fully describe medical benefits options for displaced employees. Displaced employees may elect DOE Displaced Worker Medical Benefits, normal COBRA benefits, or may elect to terminate medical coverage. The new description of these options follows at the end of the existing narrative in the Medical Benefits section of the Plan.

Involuntary Reduction of Force (IROF)

The IROF section of the plan, as amended in November 1996, is modified to allow for repayment of severance on a pro rata basis. If a contractor rehires an involuntarily-separated employee before the completion of the full period for which severance was paid, the severance must be repaid on a pro rata basis to restore service credit recognition. For example, if an individual received 15 weeks of severance and is rehired after 10 weeks, 5 weeks of separation pay must be repaid. If the employee does not choose to repay the severance to restore service credit, the employee will be treated as a new hire without restoration of prior service credit.

Part V – Special Programs

OUTPLACEMENT ASSISTANCE

The Outplacement Assistance section of the Plan, as amended by the November 1996 addendum, is now amended to show that the ongoing outplacement assistance resource for Hanford is now WorkSource Columbia Basin, which is maintained by the Washington State Employment Security Department. Hanford contractors may enhance outplacement services or contract with vendors to provide supplemental services on an as-needed basis, with Contracting Officer approval.

MAY 21, 2002 ADDENDUM

Hanford Site Workforce Restructuring Plan

U.S. Department of Energy, Richland Operations Office

U.S. Department of Energy, Office of River Protection

This Addendum to the 1995 Hanford Site Workforce Restructuring Plan and November 22, 1996, Addendum is being issued to update the Plan. Provisions of the Plan mitigate the impacts of any future workforce restructuring and remain in effect until the Plan is canceled or until another addendum is issued. The Plan applies to employees of all major onsite contractors and their partnering subcontractors at Hanford, including contractors to the Richland Operations Office (RL) and the Office of River Protection (ORP).

Part I – Public Involvement

EMPLOYEE AND COMMUNITY NOTIFICATION

Keith A. Klein, Manager of RL, introduced a new draft plan in late summer of 2000 for Hanford cleanup called “Done in a Decade.” The plan focused on three outcomes: restore the River Corridor, transition the Central Plateau, and prepare for the Future. The draft plan was distributed to stakeholders and employees for comments. Stakeholder comments were addressed and incorporated into the final version of the plan called “Hanford 2012: Accelerating Cleanup and Shrinking the Site.” A copy of the plan is attached as an Appendix to this addendum.

Although River Protection Project activities are not directly included in the Hanford 2012 Plan, ORP also anticipates periods of buildup to accelerate cleanup projects, followed by transitions after completion of projects, or completion of one phase of work, to focus on the next phase or next project. There will be a substantial build up of the workforce as a result of the design and construction of the waste treatment plant. Overall, design and construction employment is expected to increase resulting in excess of 3,700 design and construction related jobs. The peak employment is expected during the construction phase of the waste treatment plant in fiscal year 2005. After completion of the construction project, a sharp decline in the size of the workforce is anticipated, with most of the decline being jobs in the design and construction trades.

As projects under both RL and ORP are completed, and resources are shifted from one type of work to another, workforce skill mix will be rebalanced as needed and may result in reductions of force. The size of the total workforce is expected to remain about the same or increase somewhat through completion of construction of the waste treatment plant and decline thereafter. Publication of this Addendum to the Hanford Site Workforce Restructuring Plan will serve as employee and public notice of anticipated periodic reductions of force as needed

to rebalance the skill mix of the Hanford workforce and reductions following completion of the waste treatment plant facility.

Part II – Background

INTRODUCTION

HANFORD 2012:

Accelerating Cleanup and Shrinking the Site

In the late summer of 2000, RL introduced the draft plan entitled, “Done in a Decade.” The cleanup plan focused on three outcomes: restore the River Corridor, transition the Central Plateau, and prepare for the Future. The draft plan was distributed for public comment, and was revised and reissued as “Hanford 2012: Accelerating Cleanup and Shrinking the Site.” See the Appendix to this addendum. A key priority in the plan is to reorganize work at Hanford and complete major pieces of the Hanford cleanup by 2012, enabling DOE to shrink the Hanford Site from 586 square miles to about 75 square miles.

Implementation of the Hanford 2012 plan to accelerate cleanup and shrink the Site will require periodic need to rebalance the skill mix of the workforce as projects are completed, or stages of projects are completed that eliminate specific types of work, and result in the need for reductions of force.

In December 2000, RL extended the Project Hanford Management Contract with Fluor Hanford, Inc. (FHI). In the modified contract, FHI committed to reduce operating costs and to dramatically accelerate the progress of cleanup. To meet these commitments, FHI recognized that it must continually realign its workforce to balance available skills and numbers of employees with the needs of projects and to realize required labor cost saving through prioritized work and implementing productivity improvement initiatives.

In February 2001, FHI announced plans to lay off up to 300 employees. When the layoff was effected in April 2001, 141 employees were laid off. However, to meet the commitments in its contract, FHI anticipates additional layoffs over the next few years. In January 2002, FHI announced plans for another layoff of up to 100 employees. This layoff will be effected in March, 2002. Although no specific timeframes have been identified, RL anticipates the potential for further layoffs toward the end of FY02, and thereafter, to support workforce rebalancing efforts.

To reorganize work at the site in accordance with the Hanford 2012 plan, three primary areas of workscope will be transitioned in coordination with the expiration

of the Bechtel Hanford, Inc. (BHI) environmental restoration contract, which was due to expire June 30, 2002 but extended to September 30, 2002. A draft Request for Proposal (RFP) was issued in October 2001, and the RFP was issued March 6, 2002, for a new River Corridor contract and award of the new contract is anticipated in Fall 2002. Effective July 1, 2002, workscope on the Central Plateau (200 Area) currently being performed by BHI will be transitioned to FHI. River Corridor workscope (primarily in the 100 Area) currently performed by BHI will be performed under the new, not yet awarded, River Corridor contract. Finally, River Corridor workscope (primarily in the 300 Areas) currently performed by FHI will be transitioned to the new, not yet awarded, River Corridor contract. The number and type of positions required after these workscope changes are discretionary under the new contract. However, the RFP and transition plans require the new contract to offer the right of first refusal for those positions to qualified incumbent employees.

In accordance with the Hanford 2012 plan, some work at the Hanford Site is anticipated to be completed within the next two or three years. One example of such work is the movement of all spent nuclear fuel into safe storage on the Hanford Central Plateau. Another example is the closure of the Plutonium Finishing Plant within approximately three years. And, in January 2001, the Secretary of Energy announced the decision to close the Fast Flux Test Facility. As work is completed, it is expected that efforts will need to be made to adjust the existing workforce. Workers will be reassigned to other tasks where possible or separated when their skills no longer match with project needs. This process is anticipated to be gradual and intermittent, and will affect contractor employees throughout the Hanford Site.

While the workforce for environmental cleanup and remediation fluctuates, we anticipate that the workforce at the Pacific Northwest National Laboratory (PNNL), operated by Battelle Memorial Institute, will remain reasonably stable. PNNL, as a multi-program laboratory, conducts research in environmental health, global warming, energy efficiency, environmental cleanup, scientific computing, and nonproliferation weapons of mass destruction. The headcount at PNNL as of September 30, 2001, was 3,615 and will remain at approximately that level for the foreseeable future.

The Hanford 2012 plan does not directly include or impact the River Protection Project or its activities. The U.S. Department of Energy, Office of River Protection (ORP) was separately established at Hanford in December 1998 to oversee the Hanford Site Tank Waste Remediation system, and the design, construction, and operation of a vitrification plant to process high-level waste to glass for safe storage. CH2M HILL Hanford Group, Inc. (CHG) is the Tank Waste Management contractor, currently operating and maintaining the tank farms. When the Waste Treatment Plant is operational, CHG will retrieve and deliver waste feed to the treatment facility, dispose of immobilized low-activity waste and store immobilized high-level waste.

In December 2000, ORP awarded a contract to Bechtel National, Inc. (BNI) to design and build the Waste Treatment Plant and to treat the first waste from the Hanford tank farms. Washington Group, Inc. is a partnering subcontractor to the BNI contract. Construction of the waste treatment facility is scheduled to begin in 2002 and will peak in 2005. By fall 2001, BNI and Washington Group had hired 1,350 administrative and design engineer workers. At the peak of the construction phase, there will be an estimated 4,000 to 4,500 employees, the majority in construction trades, under the contract. In 2006 and 2007, there will be a transition from construction to operations with cold testing beginning in 2006. A substantial decrease in the total workforce is anticipated after completion of the construction of the waste treatment plant facility. A competitive contract award process will be initiated to operate the Waste Treatment Plant after completion of the design, construction and test phases and the contract with BNI expires in 2011.

As projects under both RL and ORP are completed, as described above, resources from the completed work will be shifted to accelerate other projects. The workforce skill mix will be rebalanced as needed. With hiring for the design and construction of the waste treatment facility, total site employment will increase or remain relatively stable until after the peak construction period. Thereafter, employment levels are expected to decline. Workers will be reassigned to other work if possible, or workers may find opportunities for work under a different Hanford contractor as their work projects are completed. However, limited and intermittent reductions of force are anticipated as major projects are completed.

Hanford Site Initiatives

As of March 2002, total employment at the Hanford Site was approximately 12,463 employees including DOE, contractors and integrated subcontractors. The distribution of the employees between the various companies was as follows:

U.S. Department of Energy (DOE) Richland Operation Office (RL)	356
<ul style="list-style-type: none">Fluor Hanford, Inc. (FHI) 4,327 Project Hanford Management Contractor Includes the following integrated subcontractors: Numatec Hanford Corporation (NHC) Protection Technology Hanford (PTH) Duratek Federal Services Hanford (DFSH)	
<ul style="list-style-type: none">Bechtel Hanford, Inc. 897 Environmental Restoration Contractor Includes the following integrated subcontractors: CH2M HILL Hanford, Inc. Eberline Services Hanford, Inc.	
<ul style="list-style-type: none">Battelle Memorial Institute (BMI) 3,176 Research and Development Contractor operating the Pacific Northwest National Laboratory (PNNL)	
<ul style="list-style-type: none">Hanford Environmental Health Foundation (HEHF) 87 Occupational Health and Industrial Hygiene Services Contractor	
U.S. Department of Energy Office of River Protection (ORP)	129
<ul style="list-style-type: none">CH2M HILL Hanford Group, Inc. (CHG) 1,387 Tank Farm Contractor	
<ul style="list-style-type: none">Bechtel National, Inc. (BNI) 2,104 Waste Treatment Plant Project Contractor Includes the following integrated subcontractor: Washington Group, Inc. (WGI)	

OBJECTIVE

The objective of this Plan is to mitigate the social and economic impacts of a workforce restructuring on employees and affected communities while continuing to fulfill the missions assigned to Hanford. The plan includes all employees of all major onsite contractors and their partnering subcontractors working at Hanford who are affected. The Plan establishes a broad and comprehensive framework within which appropriate actions will be taken, as well as specific eligibility criteria and benefits provided. Implementation of enhanced benefits programs will be contingent on the availability of funds appropriated by Congress for this purpose.

ELIGIBILITY CRITERIA

These criteria are not applicable to severance pay calculations unless expressly referenced in the severance pay package. Each company will follow its established severance pay procedures and eligibility requirements. To be eligible for additional, enhanced benefits under this Plan pursuant to Section 3161 of the National Defense Authorization Act for Fiscal Year 1993 (excluding severance pay), employees must meet the following criteria:

A. Regular Employees:

- 1) Must have been working at a DOE defense nuclear facility on September 27, 1991 (the day DOE announced the first unilateral reduction of the Nation's nuclear weapons stockpile , which is considered to be the end of the Cold War for the DOE);
- 2) Must have worked full-time (or regular part-time) at a facility continuously from that date (September 27, 1991) through the date of the workforce restructuring notification; and
- 3) Must have accepted a voluntary separation incentive or have been involuntarily separated from employment with a contractor at the DOE Hanford Site as a result of restructuring.

ELIGIBILITY Regular Employees

- **Employed at a DOE defense site on September 27, 1991**
- **Employed continuously from September 27, 1991 through the date of the workforce restructuring notification; and**
- **Accept voluntary separation incentive or involuntarily separate due to restructuring**

B. Intermittent Workers, Including Construction Workers:

- 1) Must have been working at a DOE defense nuclear facility on or before September 27, 1991, (the day DOE announced the first unilateral reduction of the Nation's nuclear weapons stockpile, which is considered to be the end of the Cold War for the DOE);
- 2) Must have worked at a facility within 180 days preceding the workforce restructuring notification;
- 3) Must have worked at a facility a total time, including time worked prior to September 27, 1991, equivalent to an employee having worked full-time (40 hours per week) from September 27, 1991, to the date of the workforce restructuring notification, or have actually worked the industry standard of full-time from September 27, 1991, through the date of the restructuring notification: and
- 4) Must have been affected by the announced restructuring action at the Hanford Site. For an intermittent worker, this includes the interruption of a project before its anticipated completion, or the completion of the assignment or project without prospect for a follow-on assignment at the site where the employee had a reasonable expectation of a follow-on assignment.

ELIGIBILITY

Intermittent Employees

- **Employed at a DOE defense site on or before September 27, 1991**
- **Worked at a facility during the 180 days preceding workforce restructuring notification**
- **Total career hours equal to full-time from September 27, 1991**
- **Employee's current position directly affected by an announced restructuring action at Hanford**

Part III – Options to Minimize Layoffs

WORKFORCE PLANNING

Workforce planning is a key element in assuring that workforce restructuring is accomplished with the objective of minimizing layoffs and maximizing the accomplishment of the Hanford Site Mission. Planning includes identification of work and employees who do the work, by Common Occupational Classification System (COCS) codes and job families, as modified from time to time.

Part IV – Programs for Separated Workers

MEDICAL BENEFITS

Involuntarily separated employees have three options for continuing medical coverage. They must elect one of the following options:

Option 1: Displaced Worker Medical Benefits

Provides health care coverage in which the employee is enrolled as an active employee.

Year 1: Employee pays the active employee premium rate during the first year following termination of employment. Rates are subject to change beginning January 1 of each calendar year. Employee premiums are to be submitted by personal check. The effective date for extended benefits coverage will be the first day following termination of active employee coverage which requires a full monthly premium payment (rather than pro-rata for any mid-month effective dates).

Year 2: Employee pays one-half of the COBRA rate the second year (13th month through 24th month following termination of employment).

Year 3 and Subsequent Years: Employee pays the full COBRA rate during the third and subsequent years (starting the 25th month following termination of employment). COBRA rates are reviewed and revised each calendar year.

If the separated employee's premiums are not received by their due dates, coverage will terminate effective to the last premium payment period and cannot later be reinstated.

If employees and their dependents are eligible, or become eligible, for coverage elsewhere (including through Medicare), coordination of benefits does not apply.

Employees and their dependents are no longer eligible for Displaced Worker Medical Benefits when they become eligible for medical benefits from another plan. However, the Displaced Worker Medical Benefits can continue during a required waiting period, if applicable, for new coverage to begin, since they are not yet eligible for benefits from another plan. For example, if the employee takes a new job that offers medical benefits that become effective 30 days after the employee's new job begins, the employee may continue extended coverage during the 30-day waiting period.

If the employee is eligible for coverage from another employer, but that employer's coverage contains a pre-existing condition limitation/exclusion, the Displaced Worker Medical Benefits will apply coverage to the pre-existing condition limitation/exclusion only, since the employee would not be eligible for benefits for the pre-existing condition from another plan. Claims should be filed with the other employer's insurance plan first. Then an Explanation of Benefits from the other employer's plan, showing the benefits coverage limitation/exclusion for the pre-existing condition, should be filed with the Plan Administrator.

Eligible participants include only those dependents that were covered under the medical plan immediately prior to termination of active employee coverage. Dependents may be covered without the employee being covered, if the dependent is not eligible for coverage under another plan. For example, if a terminating employee is age 65 or older, and eligible for Medicare, and therefore not eligible for Displaced Worker Medical Benefits, and the employee has a spouse who is 62, who is not eligible for coverage under another employer or through Medicare, then the spouse alone is eligible for coverage under the Displaced Worker Medical Benefits and the single person rate would be applied.

An employee may add or delete dependents to their Displaced Worker Medical Benefits coverage with a "qualifying event" provided the employee notifies the plan administrator of the qualifying event/request for change no more than 60 days after the qualifying event occurs. The employee may not add or increase coverages, or change health care plans. The employee may change coverages during subsequent annual open enrollment periods if desired.

Dependents who experience loss of eligibility for Displaced Worker Medical Benefits coverage due to a "subsequent qualifying event" (e.g. divorce, death of spouse, children no longer meeting the eligibility provisions of the Plan) are eligible to continue Displaced Worker Medical Benefits coverage for a maximum of 36 months from the loss of active employee coverage/termination of employment provided all of the following are met: (1) they were covered by the medical benefits plan immediately prior to termination of active employee coverage, (2) they were continuously covered under Displaced Worker Medical Benefits, (3) the subsequent event occurred no more than 18 months from the loss of active employee coverage/termination of employment, and (4) they

provide the plan administrator notification of the qualifying event/request for change no more than 60 days after the occurrence of the subsequent qualifying event.

Option 2: Normal COBRA Benefits

COBRA continuation coverage must be elected no more than 60 days after termination of employment. Enrollment will be in the same medical coverage choice in which the employee was enrolled just prior to separation. The effective date of COBRA continuation coverage will be the date following the last pay period after separation, which is the date that insurance coverage as an active employee terminates.

Separated employees pay the full COBRA rate by personal check. A full monthly premium payment will be required rather than a pro-rata amount for mid-month effective dates. Up to 18 months coverage is available as long as premium payments continue to be made.

If coverage is not elected within 60 days after termination of employment and/or applicable premiums are not received by their due dates, coverage will terminate effective at the end of the last premium payment period and cannot later be reinstated.

When continuing medical coverage through COBRA, the employee may add or delete dependents only upon the occurrence of a "qualifying event." The employee may change coverage options during open enrollment to become effective at the beginning of the next calendar year.

COBRA rates are reviewed and revised each calendar year.

Option 3: No Coverage

Coverage terminates for claims incurred after termination, as of the last day of the pay period, without continued participation by payment of employee premiums under Displaced Worker Medical Benefits or by electing normal COBRA benefits.

Loss of Employment as a "Qualifying Event"

Loss of employment or a spouse's employment may be considered a "qualifying event" for adding or deleting dependents from coverage under health care plans. The spouse who is actively employed at Hanford can cover an employee who involuntarily separates from employment, if the spouse also works at the Hanford

Site and is eligible for health care coverage. The active employee will need to contact Benefits Administration to obtain the necessary forms to add dependent (children and/or spouse) and to obtain instructions regarding information that must be submitted. Coverage must be elected to become effective on the day immediately following the pay period in which the employee separates. Forms to add or delete dependents from coverage must be submitted by the active employee to, and received by, Benefits Administration no more than 60 days after termination of the spouse's employment. With a "qualifying event" the active employee can add or delete dependents to the health care coverage option in which the active employee is currently enrolled, but may not add or increase coverages. The employee may change coverages during subsequent annual open enrollment periods if desired.

Involuntary Reduction of Force (IROF)

If a contractor rehires an involuntarily-separated employee before the completion of the full period for which severance was paid, the severance must be repaid on a pro rata basis to restore service credit recognition. For example, if an individual received 15 weeks of severance and is rehired after 10 weeks, 5 weeks of separation pay must be repaid. If the employee does not choose to repay the severance to restore service credit, the employee will be treated as a new hire without restoration of prior service credit.

Part V – Special Programs

OUTPLACEMENT ASSISTANCE

Outplacement services will be available on an ongoing basis through WorkSource Columbia Basin, which is maintained by the Washington State Employment Security Department. Outplacement services may be supplemented, either by DOE and its principal contractors or, with Contracting Officer approval, by contracting with outside providers, during periods of significant workforce restructuring. Special outplacement services will be determined and designed for each reduction of force circumstance. When implemented, enhanced outplacement services will be provided to regular employees who are identified for layoff or are separated from employment through VROF or an IROF. Outplacement assistance will also be provided for subcontractors and intermittent workers who are separated from employment through an IROF.

Appendices

HANFORD 2012: ACCELERATING CLEANUP AND SHRINKING THE SITE

Introduction

Restore the River Corridor

Transition the Central Plateau

Prepare for the Future